



Finance and Administration ADDENDUM TO AGENDA

FOR THE MEETING OF THE FINANCE AND ADMINISTRATION COMMITTEE
TO BE HELD ON **TUESDAY, OCTOBER 20, 2020 AT 6:00 P.M.**
IN THE **COUNCIL CHAMBER OR VIA ELECTRONIC PARTICIPATION,**
TOM DAVIES SQUARE

ADDENDUM (RESOLUTION PREPARED)

(Two-thirds Majority Required to Deal with the Addendum)

DECLARATIONS OF PECUNIARY INTEREST AND THE GENERAL NATURE THEREOF

MANAGERS REPORT

ADD-1 Report dated October 16, 2020 from the General Manager of Corporate Services regarding the 2020 Operating Budget Variance Report. 2 - 18
(FOR INFORMATION ONLY)

(This report provides information regarding a year end projection based on expenditures and revenues.)

Finance Administration Committee


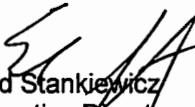


| Type of Decision | | | | | | | |
|--------------------|---------------------------------|-----|---|-------------|---------------------------------|---|--------|
| Meeting Date | October 20 th , 2020 | | | Report Date | October 16 th , 2020 | | |
| Decision Requested | | Yes | X | No | Priority | | High |
| | Direction Only | | | | Type of Meeting | X | Open |
| | | | | | | | Closed |


| Report Title |
|--|
| 2020 Year End Operating Budget Variance Report |

| Resolution | Relationship to the Strategic Plan/Health Impact Assessment |
|-----------------------------|---|
| For information only. | This report refers to operational matters. |
| Resolution Continued | Background Attached |

| Report Summary | Financial Implications |
|--|---|
| <p>This report provides the Finance and Administration Committee with a forecast of the City's year-end position based on revenues and expenditures to the end of August 2020. The year-end position includes approximately \$3.9 million available to offset known 2021 budget pressures.</p> | <p>There are no financial implications associated with this report.</p> |

| Report Prepared By | Division Review |
|---|---|
| <p> Name: Steve Facey Title: Manager of Financial Planning & Budgeting</p> | <p> Name: Ed Stankiewicz Title: Executive Director of Finance, Assets & Fleet</p> |

| Recommended by the Department | Financial Implications |
|---|---|
| <p> Name: Kevin Fowke Title: General Manager of Corporate Services</p> | <p> Name: Steve Facey Title: Manager of Financial Planning & Budgeting</p> |

| Recommended by the C.A.O. |
|--|
| <p> Ed Archer Chief Administrative Officer</p> |

2020 Year End Operating Budget Variance Report

Executive Summary

This report provides a projection of the corporation's year-end financial results. With the decisions Council took throughout the year to adjust service levels and avoid costs wherever possible, and with support from senior governments, the corporation will avoid a 2020 deficit.

After accounting for \$12.7M of Safe Restart funding received from the federal and provincial governments, there is approximately \$3.9M available to offset known 2021 budget pressures. As Council is aware through a series of reports delivered since the virus response commenced, staff are actively managing service levels and resources to mitigate, as much as possible, the negative financial impacts created by the COVID-19 virus.

Council approved a financing plan, should one be required, to address any remaining year-end deficit. This plan anticipates drawing up to \$5.2 million from the Capital Holding Account, and the potential to redirect the 2020 Capital Levy as a funding source to offset the year-end deficit. The corporation also earned additional investment income that helped offset unplanned cost increases due to the virus response. If these funds are not required to address 2020 operating requirements, they will be transferred to an appropriate reserve and their application would be subject to further direction from Council.

Background

The purpose of this report is to provide Council with an overview of year-end variances in accordance with the Operating Budget Policy. In the last forecast, provided in August, staff identified areas where material year-end variances may occur and produce a potential deficit of \$6.2 million. This report updates Council on actions taken since then to further mitigate the 2020 deficit.

Appendix A provides a schedule that reflects the annual net operating budget, year-end position and variance for each area. In accordance with the Operating Budget Policy, the following explanations relate to areas where a variance of greater than \$200,000 is anticipated/resulted within a division or section.

Variance Explanations

1) Revenue Summary

The first line of the report in Appendix A reflects general revenue that includes items such as the taxation levy, revenues in lieu of taxes, provincial grants (such as OMPF) as well as tax write-offs, tax grants and rebates. The forecast is for these items to finish the year approximately \$285,000 above planned levels, due largely to an increase in payment in-lieu taxation revenue resulting from increased assessments of municipal properties.

Nonetheless, delays in MPAC's inspections of properties as a result of COVID-19 has affected the information received with respect to supplemental taxation. Tax write-offs may be an area of concern as they may result in a negative financial impact. At this time, property tax payments arrived as expected. The organization is not experiencing a collectability issue. Staff continue to analyze these situations as more updated information is received.

2) Other Revenues and Expenses

This reporting line includes the following items:

- Other revenues – includes slot revenue, investment income, interest on overdue tax accounts etc.
- Large Projects
- COVID-19 Cost Centre

This area is reflecting a net under expenditure of \$3.0 million as follows:

- Decrease in interest revenue on all overdue tax accounts of \$595,000.
- Increase in investment earnings of \$2.0 million.
- Decrease in net Municipal Accommodation Tax of \$670,000.
- Decrease in slot revenue of \$1.5 million.
- Planned salary gapping of \$1 million, although the actual savings are presented within each division. Staff expect the actual salary gapping result to be in line with the revised target of \$2.5 million.
- Lower than anticipated debt repayments of \$1 million.
- Over expenditures related to the Junction project totaling \$170,000 primarily due to salaries and benefits.
- Expenditures directly related to the COVID-19 pandemic of \$13.4 million.
- Additional revenues related to the COVID-19 pandemic of \$17.3 million in the form of Federal and Provincial grants. The additional revenues act as a flow through such as Pandemic Pay and enhanced Social Services programs. These revenues also include Phase 1 of the Safe Restart Agreement.

3) Office of the CAO

This department includes the following divisions:

- Strategic Initiatives
- Communications and Community Engagement
- Citizen Services (Libraries/Museums)

This area is reflecting a net under expenditure of \$1.36 million as follows:

- Decreased revenue for Library Services totaling \$85,000.

- Under expenditure in salaries and benefits of \$1.4 million due to vacancies and redeployed personnel.

4) Security, By-law and Parking

This area is reflecting a net over expenditure of \$1.0 million as follows:

- Decreased parking user fees of \$1.1 million.
- Under expenditure in the contribution to the Parking Improvements Reserve Fund of \$800,000 because of the reduced revenues.
- Decreased user fee and licensing revenues totaling \$700,000.

5) Human Resources and Organizational Development

This area is reflecting a net over expenditure of \$815,000 as follows:

- Over expenditure of legal services and counsel totaling \$245,000.
- Over expenditure of early retirement fringes and allowances totaling \$665,000.
- Under expenditure in job evaluation costs totaling \$80,000.

6) Economic Development

This area is reflecting a net under expenditure of \$545,000 as follows:

- Under expenditure in salaries and benefits of \$535,000 due to staff redeployments where the cost is allocated to the COVID cost centre, and salary gapping.

7) Housing Services & Operations

This area is reflecting net under expenditure of \$865,000 as follows:

- Housing Services is projecting a net under expenditure of \$720,000.
 - An under expenditure of \$105,000 in salaries and benefits due to vacancies.
 - An under expenditure of \$400,000 in the non-profit program. This under expenditure does not have an impact on service levels.
 - An under expenditure is expected to the Greater Sudbury Housing Corporation totaling \$210,000. As the funds for the commercial rent supplement program are based on tenant's subsidies, it is difficult to project exactly how much funding will be required in one year to cover off the difference between what the subsidized tenant pays and the market rent of the unit in the private sector. A number of variables are considered regarding commercial rent supplement funding. This is a recovery based on 2019 year end results.
- Housing Operations is projecting a net under expenditure of \$145,000
 - Increased revenues are anticipated totaling \$700,000. A significant portion of the increased revenues is a result of loss of subsidy and delays in obtaining eviction orders for arrears. The additional revenue has been utilized to maintain the aging portfolio, explained below.
 - Under expenditures in salaries and benefits are anticipated totaling \$300,000.
 - Over expenditures in maintenance costs are anticipated totaling \$1,000,000. Additional maintenance (plumbing, electrical, life safety and significant repairs) will be completed throughout 2020. These maintenance projects were deferred and were to be complete as funds became available. Also, due to COVID-19, a significant amount of the maintenance expenditures were completed by contractors rather than field staff which has increased the anticipated cost.
 - Under expenditures in energy costs are anticipated totaling \$175,000.

8) Long Term Care – Senior Services

This area is reflecting a net under expenditure of \$230,000 as follows:

- Increased revenues are anticipated totaling \$700,000.
- Increased operating expenditures as a result of the additional funding received in salaries and benefits, materials and contract services.

The majority of additional costs are included in the COVID-19 cost centre which is included in Other Revenues & Expenses.

9) Social Services

This area is reflecting a net under expenditure of \$1.25 million as follows:

- Under expenditure in salaries and benefits of \$1.23 million due to vacancies caused by service level reductions. Due to COVID-19, employment programs were suspended, which allowed for staff to be redeployed to Pioneer Manor.

10) Transit Services

This area is reflecting a net over expenditure of \$2.0 million as follows:

- Decreased user fee revenue of \$3.7 million as a result of decreased ridership and the discontinuing of collecting bus fares from March 20, 2020 to June 15, 2020.
- Under expenditures in salaries and benefits of \$650,000 due to vacancies.
- Under expenditures in energy costs (primarily fuel) of \$840,000 as a result of adapting service levels.
- Under expenditures in purchased services of \$935,000 as a result of adapting service levels.
- Increased Transit Maintenance is approximately \$640,000 due to the continued maintenance of the City's aging fleet.

11) Infrastructure Capital Planning

This area is reflecting a net under expenditure of \$335,000 resulting as follows:

- An under expenditure in salaries and benefits of \$95,000 due to vacancies.
- Under expenditures as a result of the delayed Red Light Camera Program totaling \$240,000. Delays were due to agreements not yet being finalized with the City of Toronto and the equipment vendor.

12) Engineering Services

This area is reflecting a net under expenditure of \$570,000 as follows:

- Under expenditures in salaries and benefits of \$575,000 due to vacancies.

13) Linear Infrastructure Maintenance

This area is reflecting a net over expenditure of \$220,000 as follows:

- Over expenditures due to 2020 winter control.

14) Environmental Services

This area is reflecting a net under expenditure of \$220,000 as follows:

- Lower than anticipated revenues totaling \$250,000.
- Under expenditure in salaries and benefits of \$100,000 due to vacancies.
- Under expenditure in purchased services of \$370,000, primarily waste collection.

15) Planning and Development

This area is reflecting a net under expenditure of \$245,000 as follows:

- Lower than anticipated revenues of \$135,000.

- Under expenditures in salaries and benefits totaling \$250,000 due to vacancies.
- Under expenditure in purchased services and operating expenses totaling \$100,000.

16) Community Safety – General Manager’s Office

This area is reflecting a net under expenditure of \$250,000 as follows:

- Under expenditure in salaries and benefits totaling \$250,000 as these are reflected in the COVID-19 cost centre.

17) Emergency Medical Service

This area is reflecting a net under expenditure of \$215,000 as follows:

- Under expenditure in salaries and benefits and medical supplies as these are being recorded in the COVID-19 cost centre.

18) Fire Services

This area is reflecting a net over expenditure of \$1.1 million as follows:

- Over expenditure in salaries and benefits totaling \$1.1 million due to overtime costs caused by limitations in hiring due to COVID-19, and absences due to retirements and Workplace Safety Insurance Board claims. Of this, approximately \$400,000 is a direct result of the Val Therese arbitration award.

19) Police Services

This area is reflecting a net over expenditure of \$500,000 as follows:

- Overall, there is a net over expenditure of \$500,000, which is primarily due to unbudgeted COVID-19 expenditures related to PPE, cleaning and decontamination and equipment required for virtual work needs. These costs are not included in the organization's COVID cost centre.
- Other operating accounts with over expenditures are offset by grant funding received for specialized equipment for use in Forensics.
- Revenue losses are forecasted due to reduced paid duty recoveries and record check fees which is somewhat offset by savings in training and professional development and fuel.

Water / Wastewater Services

Water Wastewater Services is projecting an overall net over expenditure of \$260,000 for 2020.

User fee revenues are projected to be under budget by \$700,000 with consumption projected at 13.1 million cubic metres on a budget of 13.355 million cubic metres, based upon information supplied by our billing partners at GSU. Commercial consumption has decreased during the Covid outbreak but is being partially offset by increases in residential consumption, as previously assumed. April and May production was down between 6 and 7% over previous years, but June through September showed monthly increases ranging from 1 to 4% over previous years, which supports the improvement in consumption over the summer months.

Infrastructure Capital Planning and Business Improvement sections are projected to be under budget by \$450,000 due to vacancies in long term contract positions dedicated to the Asset Management Task Force that were previously approved by Council, which will result in delays in implementing Master Plan recommendations such as the education and outreach program as well as updating asset information in GIS.

Water is projecting a net under expenditure of \$125,000 which will be contributed to the Capital Financing Reserve Fund – Water in accordance with the Reserves and Reserve Funds By-Law. Wastewater is projecting a net over expenditure of \$ 385,000 which will be funded by a contribution from the Capital Financing Reserve Fund- Wastewater in accordance with the By-Law.

Additional Information

COVID-19 Impacts

From the start of its virus response, Council reacted quickly and with a clear intent to balance its responsibilities for service provision with its responsibilities to demonstrate good financial stewardship. The corporation incurred additional costs and, at the same time, did not earn planned revenues due to the requirements of its virus response. Without Council's decisions – that is, if service plans did not change from the ones approved in the 2020 Budget – the corporation would have incurred a net deficit by the end of 2020 of approximately \$20M.

The chart below shows the financial effect of Council's decisions over the last six months. Initial adjustments to services and resource levels, which included some staff layoffs and a decision to increase salary gapping targets, reduced the deficit forecast to approximately \$14M. Sustained service changes and the decision to suspend some traditional summer services further reduced the deficit forecast, such that by August the year-end position was estimated to be a \$6.2M deficit. Financing options, such as redirecting funds assigned to capital projects that were not yet started, would have allowed the corporation to avoid a deficit at year-end, even without senior government support.

The August announcement of funding from senior governments to support municipalities means the corporation will not need to fully implement its COVID response financing plan.

As a result of Phase 1 allocations of the Safe Restart Agreement, the organization will be able to contribute approximately \$3.9 million to a reserve which will be able to be used to offset 2021 impacts. This amount is subject to provincial guidelines and year-end activity and adjustments. The following chart illustrates this:



Phase 2 funding is available to municipalities that can demonstrate that 2020 COVID-related operating pressures remain after the allocation of Phase 1 funds. The intent of this funding was to bridge the gap between what municipalities were able to mitigate, and the potential year end deficit. The corporation has the ability to apply for Phase 2 funding, however, staff will not be pursuing this based on the information provided from the Ministry of Municipal Affairs and Housing. Staff also received correspondence on October 1st, included in Appendix B, which outlines details for Phase 2 of the Safe Restart Program. Correspondence received from senior levels of government states that:

- For a majority of municipalities, it is anticipated that Phase 1 funding, together with the actions that have been taken to find efficiencies and address shortfalls, will be sufficient to manage 2020 pressures arising from COVID-19. However, for the group of municipalities that has been hardest hit financially by COVID-19, additional funding may be needed.
- Councils are responsible for assessing the financial situation of their municipalities and proceeding with an application under Phase 2 only if further assistance is needed to address COVID-19 pressures in 2020. Municipalities that cannot demonstrate 2020 COVID-19 financial pressures in excess of their Phase 1 funding allocation will not be considered for additional funding under Phase 2.
- The report requirement to senior levels of government will provide an overall picture of the municipality's 2020 financial position and information about service adjustments, use of reserves, and other measures being taken to manage 2020 COVID-19 operating impacts. The provincial government will allocate Phase 2 funds to only those municipalities that need additional financial assistance.

It is clear, however, that COVID effects will continue well into 2021. The risk is high that planned revenues and additional costs due to managing the effects of COVID-19 will continue to place pressure on service capacity and financing plans. It is unclear whether the projected \$3.9M worth of Safe Restart funding available for use in 2021 will be sufficient for offsetting 2021 COVID effects, and it is unknown whether senior governments will provide additional support.

Salaries & Benefits

Previous reports highlighted a number of estimates for the Committee's information. They are as follows:

- Salary Gapping - \$2.5 million (revised target)
- Not hiring of Summer Students - \$1.7 million
- Savings from laying off part-time and casual employees - \$2.2 million

The 2020 Budget included a plan to avoid \$1 million in salary and benefit costs by delaying the hiring process for positions that become vacant, where it is appropriate to do so. This is known as 'salary gapping'.

The effect of salary gapping on services and service levels are significant. Cycle times, delays, service level reductions as well as overall availability of services are all impacted by this exercise. There are also impacts on staff that are currently in place. The remaining workload is spread amongst those who are currently providing services, and may create bottlenecks and/or

capacity issues. However, it is reasonable to anticipate some level of “natural” salary gapping will occur due to staff movements/retirements, but a preferable approach for managing costs is to adjust specific service levels.

Staff continue to analyze the progress of salary gapping compared to the revised target. As of the end of August, the total amount of gapped salaries was approximately \$2.4 million. Staff continue to analyze projections against the remaining two targets.

Parking

As a result of decreased revenues, Parking Services is projected to negatively impact the levy. Historically, this section is budgeted to have a positive impact on the levy of \$200,000. The Parking Improvements Reserve Fund has historically been funded by the net operating revenues in excess of operating expenses.

As stated above, the contribution to the Parking Improvements Reserve Fund has been removed due to lost revenues. This reserve fund is now in a deficit position due to 2020 budget commitments. This impacts the ability to fund future capital projects from this reserve. It also means that future commitments may have to be funded by the tax levy, rather than the Parking Improvements Reserve Fund. Staff will continue to provide updates in subsequent reports.

Service and Budget Management

Directors and Managers throughout the organization, with ELT's support, have curbed spending because of the projected financial position. The explanations included in this report highlight the collaboration and teamwork that management has implemented. Expenditure reductions and controls listed above consist of the following examples:

- Reduced salaries and benefits to meet revised salary gapping target
- Adapting service levels (such as Transit and Leisure Services)

A prime example of this is Leisure and Cemetery Services. This division has not been highlighted as a variance. Even with lost revenues of approximately \$5 million, mitigation strategies have negated the variance. Below are highlights of Leisure and Cemetery Services' year-end position:

| Leisure and Cemetery Services | Budget | Projected | Variance |
|--------------------------------------|-------------------|-------------------|------------------|
| Revenues | | | |
| User Fees | 8,417,859 | 4,106,679 | 4,311,180 |
| Licensing & Lease | 667,420 | 277,525 | 389,895 |
| Other | 489,629 | 210,255 | 279,374 |
| Total Revenues | 9,574,908 | 4,594,459 | 4,980,449 |
| | | | |
| Expenses | | | |
| Salaries & Benefits | 16,325,728 | 12,385,400 | 3,940,328 |
| Operating Expenses | 4,948,364 | 4,433,269 | 515,095 |
| Energy Costs | 5,386,815 | 4,591,133 | 795,682 |
| Purchased Services | 1,214,516 | 1,492,614 | (278,098) |
| Total Expenses | 27,875,423 | 22,902,416 | 4,973,007 |
| | | | |
| Net Budget | 18,300,515 | 18,307,957 | (7,442) |

Summary

The City's 2020 net year-end position will not result in a deficit due to extensive service adjustments, extraordinary expenditure controls and one-time senior government support. Staff continue to analyze and mitigate the impact of COVID-19 as much as possible.

References

2020 Operating Variance Report – April

<https://agendasonline.greatersudbury.ca/index.cfm?pg=feed&action=file&attachment=30621.pdf>

2020 Operating Variance Report – June

<https://agendasonline.greatersudbury.ca/index.cfm?pg=agenda&action=navigator&id=1513&itemid=19100&lang=en>

Financial Implications Associated with the Corporation's COVID-19 Response – September

<https://agendasonline.greatersudbury.ca/index.cfm?pg=feed&action=file&agenda=report&itemid=7&id=1514>

Financial Implications Associated with the Corporation's COVID-19 Response - July

<https://agendasonline.greatersudbury.ca/index.cfm?pg=agenda&action=navigator&id=1512&itemid=19140&lang=en>

Financial Implications Associated with the Corporations' COVID-19 Response – June

<https://agendasonline.greatersudbury.ca/index.cfm?pg=agenda&action=navigator&id=1558&itemid=18864&lang=en>

City of Greater Sudbury
Net Operating Revenue and Expenditure Projection
For the year ended December 31, 2020



| | Net Operating Budget | YE Position | Surplus (Deficit) | Notes |
|---------------------------------------|----------------------|----------------------|--------------------|-------|
| Corporate Rev and Exp Summary | | | | |
| Revenue Summary | (319,766,143) | (320,050,470) | 284,327 | 1 |
| Other Revenues and Expenses | 34,392,713 | 31,438,551 | 2,954,162 | 2 |
| TOTAL CORPORATE REVENUES | (285,373,430) | (288,611,919) | 3,238,489 | |
| Executive and Legislative | | | | |
| Office of the Mayor | 736,903 | 689,318 | 47,585 | |
| Council Memberships & Travel | 77,729 | 78,223 | (494) | |
| Council Expenses | 1,210,725 | 1,146,516 | 64,209 | |
| Auditor General | 394,713 | 394,713 | 0 | |
| Office of the C.A.O. Summary | 11,931,973 | 10,574,389 | 1,357,584 | 3 |
| Executive and Legislative | 14,352,043 | 12,883,159 | 1,468,884 | |
| Corporate Services | | | | |
| Corporate Services -GM Office | 548,692 | 548,692 | 0 | |
| Legal & Clerks Services | 1,314,909 | 1,273,768 | 41,141 | |
| Security, By-Law & Parking | 643,120 | 1,652,384 | (1,009,264) | 4 |
| Information Technology | 152,491 | 65,354 | 87,137 | |
| Human Resources and O.D. | 0 | 817,484 | (817,484) | 5 |
| Finance, Assets and Fleet | 13,966,262 | 14,018,499 | (52,237) | |
| Corporate Services | 16,625,474 | 18,376,181 | (1,750,707) | |
| Economic Development Summary | | | | |
| Economic Development | 4,880,056 | 4,336,233 | 543,823 | 6 |
| Economic Development Summary | 4,880,056 | 4,336,233 | 543,823 | |
| Community Development Services | | | | |
| G.M. Office | 406,263 | 270,834 | 135,429 | |
| Housing Services & Operations | 19,507,210 | 18,640,785 | 866,425 | 7 |
| Long Term Care-Senior Services | 5,967,986 | 5,737,125 | 230,861 | 8 |
| Social Services | 5,594,800 | 4,348,655 | 1,246,145 | 9 |
| Children Services | 1,820,243 | 1,820,242 | 1 | |
| Leisure & Cemetery Services | 21,483,811 | 21,520,154 | (36,343) | |
| Transit | 15,972,457 | 18,007,588 | (2,035,131) | 10 |
| Community Development Services | 70,752,770 | 70,345,383 | 407,387 | |
| Growth and Infrastructure | | | | |
| Growth I.S. Other | 220,402 | 220,402 | 0 | |
| Inf Capital Planning | 6,752,296 | 6,416,307 | 335,989 | 11 |
| Engineering Services | 0 | (570,898) | 570,898 | 12 |
| Water - Wastewater | (0) | 0 | (0) | |
| Linear Infr Maintenance | 41,938,847 | 42,158,160 | (219,313) | 13 |
| Environmental Services | 15,694,885 | 15,476,580 | 218,305 | 14 |
| Planning and Development | 5,782,361 | 5,537,553 | 244,808 | 15 |
| Treatment & Compliance | (0) | 0 | (0) | |
| Building Services | 0 | 0 | 0 | |
| Growth and Infrastructure | 70,388,790 | 69,238,104 | 1,150,686 | |

City of Greater Sudbury
Net Operating Revenue and Expenditure Projection
For the year ended December 31, 2020



| | Net Operating Budget | YE Position | Surplus (Deficit) | Notes |
|---------------------------|----------------------|----------------------|--------------------|-------|
| Community Safety | | | | |
| C.S. G.M.'s Office | 0 | (250,921) | 250,921 | 16 |
| Emergency Management | 486,799 | 380,926 | 105,873 | |
| CLELC Section | (809,371) | (746,149) | (63,222) | |
| Emergency Medical Service | 11,277,641 | 11,062,892 | 214,749 | 17 |
| Fire Services | 26,750,607 | 27,883,145 | (1,132,538) | 18 |
| Community Safety | 37,705,676 | 38,329,893 | (624,217) | |
| Outside Boards | | | | |
| Outside Boards Other | 7,967,865 | 7,967,865 | 0 | |
| Police Services | 62,700,756 | 63,205,438 | (504,682) | 19 |
| Outside Boards | 70,668,621 | 71,173,303 | (504,682) | |
| TOTAL EXPENDITURES | 285,373,430 | 284,682,256 | 691,174 | |
| TOTAL | \$0 | (\$3,929,663) | \$3,929,663 | |

Ministry of
Municipal Affairs
and Housing

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Ministère des
Affaires municipales
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234-2020-4339

October 1, 2020

Dear Head of Council:

Under the federal-provincial Safe Restart Agreement, the Ontario government is providing up to \$4 billion in emergency assistance so that municipalities are supported as they respond to COVID-19. Funding for municipalities under the Safe Restart Agreement is being provided through four streams: the Social Services Relief Fund and Municipal Operating Funding that are being implemented by my ministry, as well as funding streams for public health and transit being administered by the Ministry of Health and Ministry of Transportation respectively. On August 12, 2020, I wrote to advise of your municipality's allocation under Phase 1 of the Municipal Operating Funding stream. The ministry is currently in the process of making those payments. Today, I am writing to provide information on applying for additional funding under Phase 2 of the Municipal Operating Funding stream.

Our government recognizes that municipalities play a key role in delivering the services that Ontarians rely on and are at the frontlines of safely reopening our economy. Through Phase 2, we are committed to providing further financial support to those municipalities that require additional funds to address extraordinary operating expenditures and revenue losses arising from COVID-19 in 2020, over and above the allocation provided under Phase 1.

Our government chose to distribute a very significant level of funding to municipalities under Phase 1 – \$695 million in total – because we wanted to ensure all municipalities across our province could continue to deliver the important services their residents and businesses rely on while supporting the safe reopening of our economy. For a majority of municipalities, I anticipate this Phase 1 funding, together with the actions you have taken to find efficiencies and address shortfalls, will be sufficient to manage 2020 financial pressures arising from COVID-19. However, for the group of municipalities that has been hardest hit financially by COVID-19, additional funding may be needed.

Requests for Phase 2 funding are due on October 30, 2020 and detailed information about how to apply is now available to municipalities through the Transfer Payment Ontario (TPON) system.

One of the requirements is a council resolution requesting financial assistance under Phase 2. I want to emphasize that councils are responsible for assessing the financial situation of their municipalities and proceeding with an application under Phase 2 only if further assistance is needed to address COVID-19 pressures in 2020. Municipalities that cannot demonstrate 2020 COVID-19 financial pressures in excess of their Phase 1 funding allocation will not be considered for additional funding under Phase 2.

In addition to a resolution of your municipal council, a reporting template must be completed by the municipal treasurer as part of a municipality's Phase 2 application package. This report is designed to provide an overall picture of the municipality's 2020 financial position and information about service adjustments, use of reserves, and other measures being taken to manage 2020 COVID-19 operating impacts. Our government will allocate Phase 2 funds to only those municipalities that need additional financial assistance. The report also asks for information about your municipality's strategies for finding efficiencies and modernizing services. I look forward to learning about the transformative work that I know is happening across Ontario's municipal sector and your efforts to keep taxes low for families in your communities.

We are not requiring municipalities to submit information about COVID-related costs and revenue losses on a line-by-line basis, and as such the program will not offer a direct line-by-line reimbursement for all COVID-related operating expenditures and revenue losses reported. The federal government has stepped up. Our government is providing an unprecedented level of provincial funding to support municipalities. And we recognize that municipalities also have a critical role to play in finding efficiencies and taking all available measures to address the financial challenges brought by COVID-19 so that they can continue to invest in infrastructure and deliver the services their communities rely on during this extraordinary time.

As noted above, detailed information about how to apply for Phase 2 funding is now available on Transfer Payment Ontario. The ministry will also offer webinars to support treasurers and other municipal officials in understanding Phase 2 application requirements and how to complete the required reporting template. **Please note that the deadline to submit applications is October 30, 2020.** Municipalities may request an extension November 6, 2020, but as noted in my letter of August 12, 2020, we will be unable to consider applications received after this date. I understand this timeline is tight, but it is necessary to allow us to allocate funds to municipalities prior to the end of the municipal fiscal year and meet our commitment to municipalities that need additional help to manage 2020 financial impacts arising from COVID-19. Municipalities who are eligible and approved to receive funding under Phase 2 will be informed before the end of the calendar year and can expect to receive a payment in early 2021.

I will continue to be a strong champion for municipalities as our government charts a path to a safe, strong economic recovery. I extend my thanks to all 444 municipal heads of council for your continued efforts to keep all of our communities across this province safe and to deliver the services your residents and businesses need. Working together, we will get Ontario back on track.

Sincerely,



Steve Clark
Minister of Municipal Affairs and Housing

c. Chief Administrative Officers and Treasurers